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OFFICE OF
INSURANCE COMMISSIONER

In the Matter of

No. D08-0020

**FRED HUTCHINSON CANCER
RESEARCH CENTER and FRED
HUTCHINSON CANCER RESEARCH
CENTER FOUNDATION,**

**CONSENT ORDER
IMPOSING A FINE**

Respondents.

FINDINGS OF FACT

1. Fred Hutchinson Cancer Research Center ("FHCRC") and Fred Hutchinson Cancer Research Center Foundation ("FHCRCF") are affiliated charitable organizations.
2. FHCRC was issued a charitable gift annuity certificate of exemption, Certificate of Exemption Number 7, in 1981. FHCRCF has not been issued a charitable gift annuity certificate of exemption and FHCRCF is not authorized to issue charitable gift annuities in Washington.
3. Between 1992 and April 2007, 122 charitable gift annuities were issued to Washington residents in the name of FHCRCF rather than by the authorized entity, FHCRC. However, all funds received were held by FHCRC and properly deposited into FHCRC's non-commingled charitable gift annuity account. FHCRC has continuously acknowledged that it is responsible for all obligations under the charitable gift annuities issued in the name of FHCRCF, and all payments under those charitable gift annuities were paid by FHCRC in accordance with the terms of the charitable gift annuities.
4. This matter was brought to the attention of the Insurance Commissioner by FHCRC, which has cooperated fully with the Office of Insurance Commissioner.
5. Subject to appropriate Board approval, respondents intend to merge FHCRCF into FHCRC no later than July 1, 2008.

CONCLUSIONS OF LAW

1. By issuing 122 charitable gift annuities in the name of FHCRCF rather than in the name of FHCRC, Respondents committed 122 violations of RCW 48.15.020, prohibiting the unauthorized transaction of insurance.
2. Each of the charitable gift annuities issued in the name of FHCRCF remains in full force and affect.
3. RCW 48.05.185 and RCW 48.38.050 authorize the Commissioner to impose a fine in lieu of or in addition to the suspension or revocation of an insurer's certificate of authority/exemption.

CONSENT TO ORDER

1. Respondents consent to entry of this Order and acknowledge their duty to comply fully with all applicable laws and regulations of the State of Washington. Respondents waive further administrative or legal challenge to the actions taken, or to be taken, by the Insurance Commissioner, related to the subject matter of this Order. The Insurance Commissioner consents to resolve this matter in consideration of Respondents' payment of the fine set forth below in lieu of suspending or revoking Respondent FHCRC's Certificate of Exemption.
2. Within thirty days of the entry of this Order, Respondents will pay to the Insurance Commissioner a fine in the amount of \$22,650.
3. FHCRC assumes, and agrees to continue to pay, the charitable gift annuities issued in the name of FHCRCF.
4. Failure to pay the fine, in full, within thirty days of the entry of this Order will constitute grounds for suspension or revocation of the Certificate of Exemption held by FHCRC in Washington State. It will also result in a civil action being brought by the Attorney General on behalf of the Insurance Commissioner, to recover the fine.

Executed this 24th day of March, 2008.

Fred Hutchinson Cancer Research Center

By: Randall C. Main
Signature

Randall C. Main

VP & CFO

Print Name and Title

Fred Hutchison Cancer Research Center
Foundation

By: 

Signature

Douglas J. Shaeffer

Secretary

Print Name and Title

Pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner orders as follows:

ORDER

1. Fred Hutchison Cancer Research Center and Fred Hutchison Center Research Center Foundation are ordered to pay, within thirty days of the entry of this Order, a fine in the total amount of \$22,650 (Twenty-two thousand six hundred fifty dollars).
2. Failure to pay the fine timely, and in full, will constitute grounds for suspension or revocation of the Certificate of Exemption held by Fred Hutchison Cancer Research Center in Washington State. It will also result in a civil action being brought by the Attorney General on behalf of the Insurance Commissioner, to recover the fine.
3. Each of the charitable gift annuities issued in the name of the Fred Hutchinson Cancer Research Center Foundation shall remain in full force and effect, and Fred Hutchinson Cancer Research Center shall continue to be responsible for performance of all obligations thereunder.

Executed this 2nd day of April, 2008.

MIKE KREIDLER
Insurance Commissioner

By: 

Charles D. Brown
Staff Attorney
Legal Affairs Division